

## Message Text

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PAGE 01 QUITO 06454 302143Z

13

ACTION ARA-20

INFO OCT-01 ISO-00 FEA-02 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-03 COME-00 DODE-00 EB-11 FPC-01 H-03 INR-11

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 DRC-01 /154 W

----- 073624

R 302107Z SEP 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 2654

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 6454

E.O. 11652: GDS

TAGS: EINV, ENRG, EC

SUBJ: TEXACO-GULF PROBLEM

REF: A. STATE 207069; B. QUITO 6328; C. QUITO 6403

1. EMBASSY ALSO CONCERNED ABOUT VARIOUS ASPECTS TEXACO-GULF PROBLEMS WITH CEPE AND RESOURCE MINISTRY. WE HAVE DISCUSSED THE ISSUES WITH TEXACO REPRESENTATIVES AND EXPECT TO DO SO AGAIN FOLLOWING THEIR DISCUSSIONS WITH CEPE AND RESOURCE MINISTRY (REF C). GULF MANAGER BERNARDO DIAZ HAS BEEN OUT OF TOWN AND WE WILL GET HIS VIEWS ON OCTOBER 1.

2. ALTHOUGH WE HAVE NOT BEEN REQUESTED TO TAKE ANY ACTION ON BEHALF OF TEXACO-GULF, DCM HAS APPOINTMENT WITH CEPE MANAGER RENE VARGAS ON THURSDAY, OCTOBER 3. HE WILL NOT MAKE OFFICIAL REPRESENTATIONS BUT MERELY ASK A FEW QUESTIONS ABOUT THE STATUS OF THE RELATIONSHIPS BETWEEN CEPE AND TEXACO-GULF DURING THE COURSE OF A CONVERSATION WHICH WILL BE AIMED AT COVERING A VARIETY OF ENERGY MATTERS (INCLUDING THE ADA CASE) OF INTEREST IN ECUADOR.

3. ALTHOUGH WE DO NOT NOW KNOW THE REASONS WHY CEPE

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PAGE 02 QUITO 06454 302143Z

HAS NOT PAID ITS VARIOUS DEBTS TO TEXACO-GULF, WE SUSPECT

THAT ONE OF THE CAUSES MAY BE THE LEGAL AND ADMINISTRATIVE DIFFICULTIES OF FINDING A WAY TO MAKE SUCH PAYMENT AT THE MOMENT WHEN CEPE ITSELF IS NOT EITHER SUFFICIENTLY CAPITALIZED OR IN A LIQUID CASH POSITION. THE MATTER OF BUY-BACK REQUIREMENTS ATTACHED TO CEPE'S PARTICIPATION AGREEMENTS IS POTENTIALLY MORE DIFFICULT. WE SHOULD KNOW MORE ABOUT THIS FOLLOWING THE DISCUSSIONS THAT ARE GOING ON TODAY AND TOMORROW BETWEEN THE COMPANIES AND THE GOE.

4. WE WILL REPORT OUR RE-EVALUATION OF THE SITUATION TOWARD THE END OF THE WEEK, INCLUDING PROPOSALS FOR SUCH ACTION, IF ANY, AS WE MIGHT APPROPRIATELY TAKE.  
BREWSTER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM INDUSTRY, DISPUTES, BUSINESS FIRMS, CONTRACTS, DEBTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 SEP 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CollinP0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Previous Handling Restrictions:** n/a  
**Reference:** A. STATE 207069; B. QUITO 6328; C. Q, UITO 6403  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CollinP0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 17 SEP 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <17 SEP 2002 by cunninfx>; APPROVED <03 MAR 2003 by CollinP0>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** TEXACO-GULF PROBLEM  
**TAGS:** EINV, ENRG, EC, GULF, TEXICO, CEPE  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005